

Message Text

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: DAILY ACTIVITY REPORTS, MONDAY, FEBRUARY 23, 1976

1. FOLLOWING ARE THE DAILY ACTIVITY REPORTS FROM THE BUREAUS. EB, PM, AND NEA DID NOT SUBMIT REPORTS.

H - ROBERT J. MCCLOSKEY

1. MILITARY SALES TO SAUDI ARABIA AND MOROCCO. ROY ATHERTON APPEARED BEFORE FASCELL'S HIRC SUBCOMMITTEE TO DEFEND THE SEVEN LETTERS OF OFFER TO SAUDI ARABIA. ROSENTHAL, WHO AUTHORED SEVEN MOTIONS TO BLOCK THE SALES, PRESSED HARD ON THE DANGERS OF TRANSFERS OF THESE WEAPONS TO OTHER ARAB STATES AND ON SAUDI DISCRIMINATORY POLICIES. HE ALSO DEMANDED THAT WE PROVIDE FOR THE RECORD STATISTICS ON TOTAL U.S. ARMS SALES TO ARAB COUNTRIES IN FY-76. BINGHAM AND SOLARZ WERE SURPRISINGLY MILD. MOST IMPORTANTLY, CHAIRMAN FASCELL LEFT THE IMPRESSION THAT HE WOULD NOT OPPOSE THESE PARTICULAR SALES, ALTHOUGH HE CALLED FOR AN OVERALL FIVE-YEAR PROJECTION ON PLANNED U.S. MILITARY SALES TO SAUDI ARABIA, IN ACCORDANCE WITH SECRET

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THE 1974 SURVEY BY DOD FOR SAUDI ARABIA. WE WERE MODERATELY ENCOURAGED BY THE ABSENCE OF SUPPORT FOR ROSENTHAL.

FASCELL ALSO QUESTIONED ROY ABOUT THE PROPOSED SALES TO MOROCCO AND INDICATED STRONGLY THAT HE WOULD SUPPORT THESE SALES IN THE FACE OF SOVIET ARMS SHIPMENTS TO ALGERIA AND ALGERIAN MEDDLING IN THE SAHARA.

2. NUCLEAR PROLIFERATION. IKLE OUTLINED TODAY BEFORE THE SENATE SUBCOMMITTEE ON ARMS CONTROL, INTERNATIONAL ORGANIZATIONS AND SECURITY AGREEMENTS THE INITIATIVES TAKEN BY THE ADMINISTRATION CONCERNING NUCLEAR EXPORTS AND MULTINATIONAL FUEL CENTERS AS PART OF THE EFFORT TO DEAL WITH THE PROBLEM OF NUCLEAR PROLIFERATION. SYMINGTON SAID HE WAS PARTICULARLY ANXIOUS TO MAKE PUBLIC ALL FACTS CONCERNING THE DANGERS OF, REASONS FOR, AND EFFORTS TO PREVENT NUCLEAR PROLIFERATION. HE EXPRESSED PESSIMISM ABOUT THE PROGRESS OF DETENTE SINCE SALT I AND ABOUT THE PROSPECTS FOR ACHIEVING AN EFFECTIVE SALT II AGREEMENT.

3. FOREIGN INDEBTEDNESS TO THE U.S. SENATOR ROBERT BYRD HELD HIS ANNUAL HEARING ON FOREIGN DEBT TODAY WITH LOWENSTEIN AND BOEKER AS WITNESSES. HE FOCUSED PARTICULARLY ON THE INDIAN AND SOVIET DEBT, ALLEGING WE

HAD "WRITTEN OFF" EXCESSIVE AMOUNTS OF THESE DEBTS. HE HOPED HIS AMENDMENT TO THE FOREIGN ASSISTANCE ACT PROHIBITING DEBT SETTLEMENT AT LESS THAN FULL VALUE WITHOUT CONGRESSIONAL APPROVAL WOULD BE TAKEN BY THE ADMINISTRATION TO COVER ALL LOANS, NOT JUST AID LOANS. HE WAS

H - ROBERT J. MCCLOSKEY

PLEASED THAT YOU HAD TOLD THE FINANCE COMMITTEE ON JANUARY 30 THAT, BECAUSE OF ANGOLA, NOW WAS NOT THE TIME TO MODIFY TRADE AND CREDIT RESTRICTIONS AGAINST THE SOVIETS. HE FELT THIS EVIDENCED RECOGNITION OF CONGRESSIONAL FARSIGHTEDNESS IN GIVING THE ADMINISTRATION LEVERAGE IN DEALING WITH THE SOVIETS. ESSENTIALLY, BYRD
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WENT OVER OLD GROUND, TRYING TO GLEAN ADDITIONAL MATERIAL FOR HIS CONTINUING CAMPAIGN AS TAXPAYERS' PROTECTOR AGAINST BUREAUCRATIC BUMBLING IN DEBT COLLECTION.

4. DIEGO GARCIA. IN VIEW OF THE SIGNING OF THE DIEGO GARCIA AGREEMENT ON WEDNESDAY, WE ARE PLANNING APPROPRIATE CONGRESSIONAL CONSULTATIONS. THE BRITISH HAVE ASKED US TO REFRAIN FROM ANY PUBLIC ANNOUNCEMENT UNTIL THEY DISCUSS THE AGREEMENT IN PARLIAMENT ON FEBRUARY 26. HOWEVER, WE WILL INFORM SELECTED CONGRESSIONAL LEADERS CONFIDENTIALLY ON FEBRUARY 25 THAT THE AGREEMENT HAS BEEN SIGNED. WE WILL INFORM THEM AT THE SAME TIME OUR PLANS FOR NEGOTIATIONS WITH THE SEYCHELLES.

5. ON TAP. WITH WHITE HOUSE APPROVAL TO CONSULT WITH THE HILL ON ARMS SALES TO EGYPT, WE ARE PLANNING TO BEGIN CONSULTATIONS ON WEDNESDAY.

6. MIDDLE EAST SECURITY ASSISTANCE PACKAGE. I ACCOMPANIED JOE SISCO TO A LUNCHEON MEETING WITH 25 MEMBERS OF CONGRESS FOR PEACE THROUGH LAW CHAIRED BY SILVIO CONTE. JOE RECEIVED A WARM RECEPTION FOR HIS DESCRIPTION OF EFFORTS TOWARD PEACE IN THE MIDDLE EAST. QUESTIONS CONCENTRATED ON THE RUSSIAN AND PALESTINIAN ROLES IN THE PEACE PROCESS.

7. SECURITY ASSISTANCE - NARCOTICS CONTROL. GOLDBERG ACCOMPANIED DAVID ERNST OF THE NARCOTICS CONTROL OFFICE ON CALLS ON CONGRESSMEN WOLFF, SCHEUER, PASSMAN, LONG AND SHRIVER TO TRY TO RESTORE CUTS MADE TO THE NARCOTICS CONTROL BUDGET BY THE PASSMAN COMMITTEE. THE SUBCOMMITTEE

CUT OUR BUDGET REQUEST OF \$42.5 MILLION TO \$25 MILLION. THE ISSUE GOES TO THE FULL COMMITTEE FOR MARKUP NEXT WEEK. THE RESPONSE THUS FAR WAS NOT PROMISING, BUT WE WILL CONTINUE TO PRESS THE ISSUE WITH OTHER HOUSE APPROPRIATIONS MEMBERS.

L - MONROE LEIGH

--I, TOGETHER WITH ALDRICH, CONFERRED WITH DEPARTMENT SECRET

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OF JUSTICE REGARDING ATTORNEY GENERAL'S PROPOSED LEGISLATION ON ELECTRONIC SURVEILLANCE.

--I CONFERRED WITH BUCHEN AT WHITE HOUSE AND REX LEE AT JUSTICE DEPARTMENT REGARDING A PROCEDURE FOR CHANNELLING JAPANESE REQUESTS FOR LOCKHEED DATA FROM THE JUSTICE DEPARTMENT TO ITS LAW ENFORCEMENT COUNTERPARTS IN THE GOVERNMENT OF JAPAN.

--I CONFERRED WITH ACTING SECRETARY INGERSOLL REGARDING TREASURY REQUEST THAT SECRETARY SIMON INITIAL CLAIMS AGREEMENT WITH EGYPT WHEN HE SIGNS VARIOUS AID AGREEMENTS IN CAIRO. WE ADVISED AGAINST IT BECAUSE (A) WE HAVE NOT YET CONSULTED WITH CONGRESS AND (B) BECAUSE JOINT SIGNING WOULD OVER PUBLICIZE CLAIMS SETTLEMENT AGREEMENT AND INVITE CHARGE THAT U.S. AID IS BEING USED BY EGYPTIANS TO PAY OFF PRIVATE AMERICAN CLAIMS.

--FELDMAN REPRESENTED DEPARTMENT AT NSC WORKING GROUP MEETING TO REVIEW E.O. 11652 ON CLASSIFICATION SYSTEM.

--FELDMAN REVIEWED AND REVISED DRAFT NSSM ON SPECIAL

INTELLIGENCE ACTIVITIES IN BERLIN.

--FELDMAN CONSIDERED OPTIONS DEALING WITH SPECIALTY STEEL PROBLEM. L IS OF THE VIEW THAT TRADE ACT DOES NOT PREEMPT PRESIDENT'S CONSTITUTIONAL AUTHORITY TO NEGOTIATE VOLUNTARY RESTRAINT ARRANGEMENTS WITH FOREIGN GOVERNMENTS BUT THAT SUCH ARRANGEMENTS WITH FOREIGN PRODUCERS WOULD RAISE SERIOUS ANTI-TRUST QUESTIONS.

EUR - ARTHUR A. HARTMAN

SOVIET AND FRENCH EXPERT. I HAD A LONG TALK WITH SAM PISAR, THE AMERICAN LAWYER IN PARIS WHO HAS BEEN ACTIVE IN EAST-WEST TRADE AFFAIRS AND WHO IS ALSO A GOOD PERSONAL FRIEND OF GISCARD. HE TOLD ME THAT THE SOVIETS ARE PLAYING THE AMERICAN BUSINESS COMMUNITY VERY CLEVERLY AND THAT FEW OF THEM SEEM TO KNOW WHAT THEY ARE DOING. HE ALSO FEELS THAT THERE IS A CERTAIN AMOUNT OF CONFUSION ON THE SOVIET SIDE BECAUSE OF THE FACT THAT THEY HAVE TO ALTER THEIR
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PLANS TO PROVIDE FOR THE LARGE PAYMENTS DUE TO US FOR GRAIN. SAM ALSO SAID THAT GISCARD IS CONCERNED ABOUT HIS TRIP TO THE UNITED STATES. HE WANTS IT TO BE A PERSONAL SUCCESS BUT HE STILL HAS TO WATCH HIS STEP WITH THE GAULLIST WHO WILL ATTACK HIM IF HE APPEARS TO BE TOO PRO-AMERICAN.

FOREIGN DEBT: EFFORTS TO COLLECT. JIM LOWENSTEIN APPEARED BEFORE SENATOR BYRD'S SENATE FINANCE SUBCOMMITTEE ON FOREIGN GOVERNMENT INDEBTEDNESS TO THE U.S. BYRD DWELT AT SOME LENGTH ON SOVIET INDEBTEDNESS AND EXPRESSED SATISFACTION THAT WE WOULD NOT AT THIS TIME SEEK ANY LIFTING OF THE CEILING ON EX-IM BANK LOANS TO THE USSR. JIM TESTIFIED ON THE FRELOC SETTLEMENT AND THE FACT THAT FRANCE IS REGULARLY MAKING PAYMENTS. HE SAID WE WOULD KEEP BYRD INFORMED OF ANY PROGRESS IN FRENCH SETTLEMENT OF THE MULTILATERAL NATO CLAIM.

FY '77 SECURITY ASSISTANCE. BRUCE LAINGEN AND OTHERS MET WITH DICK MOOSE OF THE SFRC ON OUR FY '77 SUPPORTING ASSISTANCE PROPOSALS FOR GREECE, TURKEY, SPAIN AND PORTUGAL. (THIS IS A NEW AND GOOD HILL INITIATIVE INVOLVING INDIVIDUAL COUNTRY REVIEWS, WITHOUT TRANSCRIPTS, WHERE STAFFERS COME TO THE DEPARTMENT TO MEET INFORMALLY AS A MEANS OF IDENTIFYING INFORMATION AND ISSUES FOR SENATORS' ATTENTION IN THE COURSE OF HEARINGS AND MARK-UP.) WE USED THE OPPORTUNITY TO PRESS FOR FURTHER RELAXATION IN SUPPORTING ASSISTANCE PROVISIONS FOR TURKEY, SPECIFICALLY FMS CREDIT. MOOSE AND THE OTHER SENATE STAFF MEMBERS WERE SKEPTICAL THAT MORE COULD BE GOTTEN OUT OF CONFERENCE BEYOND THE PRESENT HOUSE COMMITTEE VERSION; I.E., DOLS 125 MILLION IN A MIX OF FMS CASH AND CREDIT SUBJECT TO INDIVIDUAL PRESIDENTIAL DETER-

MINATIONS. ON SPAIN, THEY WERE REASONABLY OPTIMISTIC OF SENATE RATIFICATION OF THE TREATY.

AF - WILLIAM E. SCHAUFLE, JR.

AID BILL AMENDMENT: MR. L. DYER OF INTERNATIONAL TRADE INVESTMENT CORPORATION CALLED ON ME TODAY TO DISCUSS AN AMENDMENT TO THE AID BILL REQUIRING AID TO REPORT TO CONGRESS EVERY SIX MONTHS ON THE PARTICIPATION OF SMALL AND MINORITY BUSINESS IN US AID CONTRACTS. I TOLD HIM
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I HAD NO OBJECTION TO THIS AMENDMENT ON THE FACE OF IT BUT WOULD STRONGLY OPPOSE ADDITIONAL PERSONNEL IN THE FIELD TO IMPLEMENT IT. HE PLANS TO TAKE UP THE MATTER WITH P, E AND AID.

INQUIRIES ON GULF AND BOEING IN ANGOLA: WE HAVE RECEIVED SEVERAL INQUIRIES - SUCH AS MARILYN BERGER AND DICK HOTTELET ABOUT THE LESLIE GELB STORY IN THE SUNDAY TIMES. I HAVE SAID THAT THE ALLEGATIONS ABOUT THE STATE DEPARTMENT POSITION AND ACTION WERE INACCURATE.

AMBASSADOR DEPREE: OUR NEW AMBASSADOR TO MOZAMBIQUE CALLED ON ME TODAY BEFORE DEPARTING FOR THE POST.

UK INITIATIVE IN RHODESIA: THE BRITISH EMBASSY TELLS US THAT CALLAGHAN WILL ANNOUNCE IN COMMONS TOMORROW A MISSION TO SALISBURY BY FCO PERMANENT UNDER SECRETARY SIR DENNIS GREENHILL. GREENHILL'S MISSION FOLLOWS A STIFF NOTE BY WILSON TO SMITH OFFERING BRITISH INVOLVEMENT IN RHODESIAN CONSTITUTIONAL TALKS IF HMG IS CONVINCED SMITH HAS HAD A CHANGE OF HEART, WILL NEGOTIATE SERIOUSLY WITH NKOMO AND WILL FACE UP HONESTLY TO THE ALTERNATIVES: GUERRILLA WARFARE AND EXPANDED SOVIET INFLUENCE IN SOUTH-ERN AFRICA.

EA - MR. MILLER

CONVERSATION WITH CONGRESSMAN ROBERT L. LEGGETT. CONGRESSMAN LEGGETT CALLED ME IN PHIL HABIB'S ABSENCE THIS MORNING TO INQUIRE WHETHER JUSTICE HAD BEEN IN TOUCH WITH US CONCERNING THE INVESTIGATION INVOLVING HIM AND PAYMENTS FROM THE KOREAN GOVERNMENT. AFTER CHECKING WITH L, WHICH IN TURN CHECKED WITH JUSTICE, I CALLED THE CONGRESSMAN BACK TO SAY THAT, TO MY KNOWLEDGE, JUSTICE HAD SIMPLY CONFIRMED TO US THAT AN INVESTIGATION WAS UNDERWAY. IN RESPONSE TO HIS QUESTION, I SAID TO MY KNOWLEDGE THE DEPARTMENT HAD PROVIDED NO INFORMATION TO JUSTICE, AND THAT THE ONLY OTHER THING OF WHICH I WAS AWARE WAS THE JUSTICE PRESS STATEMENT ISSUED IN RESPONSE TO QUERIES ABOUT THE WASHINGTON POST ARTICLE ON THE

MATTER.
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SESSION WITH SFRC STAFFERS ON FY 77 SECURITY ASSISTANCE. AT PM'S INVITATION, I PARTICIPATED, ALONG WITH A NUMBER OF EA COUNTRY DIRECTORS, IN AN INFORMAL QUESTION-AND-ANSWER SESSION WITH SFRC STAFFERS THIS AFTERNOON ON SECURITY ASSISTANCE FOR EA COUNTRIES IN FY 77. DICK MOOSE AND NORVILL JONES WERE AMONG THE STAFFERS PRESENT. THE SESSION WENT WELL, I BELIEVE. ALTHOUGH HUMAN RIGHTS WAS THE SUBJECT OF A NUMBER OF QUESTIONS, NONE OF THE STAFFERS APPEARED TO BELIEVE THAT CONGRESS WOULD CUT OFF AID TO ANY EA COUNTRY ON HUMAN RIGHTS GROUNDS. DICK MOOSE BROUGHT UP VERY BRIEFLY THE QUESTION OF USE OF U.S. ARMS IN TIMOR AND APPEARED TO BE SATISFIED WITH MY ANSWER, WHICH WAS ALONG THE LINES OF OUR RECENT REPLY TO CONGRESSMAN ROSENTHAL. MOOSE AND HIS COLLEAGUES EXPRESSED SURPRISE THIS HAD NOT YET BECOME AN ISSUE ON THE HILL AND THOUGHT IT COULD WELL BECOME ONE AT ANY TIME.

ARA - RYAN, ACTING

JAMAICA -- AL FISHLOW SPOKE TO AMBASSADOR RATTRAY ABOUT THE APPROACHES WE HAVE BEEN MAKING TO THE WORLD BANK REGARDING A MAJOR JAMAICA EFFORT.

MARCONA -- AMBASSADOR DEAN CALLED TO SAY THAT DE LA PUENTE, THE PERUVIAN NEGOTIATING TEAM LEADER, WAS COMING BACK FROM PARIS TO PARTICIPATE IN THE TALKS. ACCORDINGLY, WE POSTPONED THE NEXT ROUND UNTIL MARCH 1.

THE INTERIM SRI REPORT ALSO CAME IN THIS AFTERNOON. IT DOES SUGGEST SIGNIFICANTLY LOWER VALUES THAN MARCONA HAD BEEN ASKING. WE ARE TRYING TO LINE UP SUPPORT IN TREASURY SO THAT WHEN THE INEVITABLE COMPANY REACTION COMES, THERE CAN BE A RELATIVELY UNITED USG VIEW.

IO - LEWIS

1. I SPENT MOST OF DAY IN VARIOUS MEETINGS WITH THE NEW FAO DIRECTOR GENERAL, DR. SAOUMA. ALTHOUGH HE WAS
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HERE ONLY ONE DAY, HE SAW SENATORS PERCY AND MCGOVERN, BUTZ, MCNAMARA, PARKER, INGERSOLL AND A NUMBER OF US FROM BOTH AGRICULTURE AND STATE. SAOUMA IS VERY GRATEFUL FOR OUR SUPPORT FOR HIS ELECTION TO THIS POST, AND IS EMBARKING ON A MUCH-NEEDED EFFORT TO TIGHTEN UP AND REORIENT FAO'S OVERBLOWN ROME BUREAUCRACY.

2. I APPEARED BEFORE WAYNE HAYS TO ANSWER A FEW RANDOM
QUESTIONS ON IO ISSUES IN THE STATE AUTHORIZATION BILL.
HE WAS IN A BENIGN MOOD. INGERSOLL

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